

# Investment & NTA Update

31 May 2024



## NGE Capital Summary

ASX ticker	NGE
Share price (31 May 24)	\$1.140
Shares outstanding	35,553,223
Market cap	\$40.5m
NTA per share before tax	\$1.325
NTA per share after tax	\$1.407
NTA before tax	\$47.1m
NTA after tax	\$50.0m

## Overview

NGE Capital Limited is an internally managed Listed Investment Company which allows investors to gain exposure to a concentrated, high conviction, actively managed portfolio of financial assets. NGE primarily focuses on listed ASX and international equities, with the aim of generating strong risk-adjusted returns over the medium to long term.

## Board & Management

<b>David Lamm</b> Executive Chairman & Chief Investment Officer	<b>Adam Saunders</b> Executive Director & Portfolio Manager
<b>Ilan Rimer</b> Non-Executive Director	<b>Leslie Smith</b> Company Secretary & Chief Financial Officer

## Contact Details

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## Net Tangible Assets Per Share

	31 May 2024	30 Apr 2024
NTA per share before tax	\$1.325	\$1.296
NTA per share after tax	\$1.407	\$1.378

## NTA Per Share Performance Summary

1 month	Year-to-date	Last 12 months	Since inception <sup>1</sup> (p.a.)	(cum.)
2.2%	14.2%	37.6%	13.6%	159.7%

Note: Returns are net of all expenses. FYE 31 December.  
1 From 30 Nov 2016, the date on which NGE became a LIC.

## Portfolio Composition

Company	Ticker	% of NTA
Yellow Cake plc	LSE:YCA	17.4%
Metals X	ASX:MLX	9.1%
John Wood Group plc	LSE:WG.	7.3%
Jupiter Mines	ASX:JMS	7.1%
Sprott Physical Uranium Trust	TSX:U.UN	6.7%
OCI N.V.	AMS:OCI	4.6%
Embark Early Education	ASX:EVO	4.5%
Industrial Logistics Properties	NAS:ILPT	4.5%
<a href="#">Greek NPE basket</a>	Various	3.9%
Capricorn Energy PLC	LSE:CNE	3.5%
Danakali	ASX:DNK	2.9%
Net cash and other		28%
Total		100%

## Unrecognised Tax Losses

The Company has ~\$27 million of Australian unused and unrealised losses available as at 31 May 2024. In the aggregate these losses equate to a potential future tax benefit of ~\$7m or ~\$0.19 per share (of which only ~\$2.9m or ~\$0.082 per share is recognised in our after tax NTA). The Company has received tax advice that these losses are available to be offset against future tax liabilities so long as NGE continues to satisfy the continuity of ownership test as set out in Divisions 165 and 166 of the Income Tax Assessment Act 1997 (Cth).



# Commentary

31 May 2024



On 6 May we published our AGM presentation, which provided an overview of our key investments. The presentation can be viewed [here](#).

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During May we made the following notable portfolio change:

- We trimmed our holding in **Galaxy Cosmos Mezz Plc (ATH:GCMEZZ)**, and currently hold ~432k shares.

In addition, we bought back 100,000 shares via NGE's on-market buyback facility.

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On 8 May **John Wood Group plc (LSE:WG.) (Wood Group)** announced that **Dar Al-Handasah Consultants Shair and Partners Holdings Ltd (Sidara)** had on 30 April made an unsolicited, preliminary and conditional proposal to acquire the company's equity for 205p cash per share. Wood Group's board unanimously rejected the proposal after concluding that "it fundamentally undervalued Wood and its future prospects".

Subsequently, Sidara made three additional cash offers at 212p, 220p and 230p, with the last offer made on 29 May and declared "final" (though Sidara may increase the offer if a competing bid emerges).

Sidara – previously called Dar Group – is a Dubai-based engineering firm and is a motivated and cashed-up bidder: it recently sold a ~19% stake in **Worley Limited (ASX:WOR)** via a block trade for A\$1.435bn. Sidara had previously attempted to acquire Worley. Worley is Wood Group's closest listed peer.

Wood Group has now received 9 separate takeover proposals since February 2023, after **Apollo Global Management, Inc. (Apollo)** made several offers for the company, culminating in a final possible offer of 240p cash per share. Apollo eventually dropped its bid without making a formal offer.

Having rejected the 212p and 220p bids, Wood Group's board has decided to engage with Sidara in relation to the final 230p offer. We estimate that the current offer represents a CY24E EV/EBITDA multiple of ~8.8x, well below the ~10.9x comparable trading multiple of Worley (calendarised to 31 Dec; pre-IFRS 16 basis).

Wood Group has been steadily progressing its turnaround plan, with management focusing on lower risk, modular, cost-reimbursable work. However, Wood's management, under CEO Ken Gilmartin who has been in the role since July 2022, did not do itself any favours when it surprised the market at the FY23 results in late March by announcing a further US\$60m of one-off restructuring costs. This further delayed the long-promised delivery of sustainable free cash flows that the business should be capable of. Disappointments like this have been commonplace throughout the company's history.

Furthermore, investor apathy for Wood's stock outside of takeover offers suggests the company might be better off in private hands. We hope the board understands how Wood Group is perceived in the market and meaningfully engages with Sidara. The decision to grant Sidara access to due diligence materials – announced on 5 June – is a welcome development. Under the UK's Takeover Code Sidara now has until 3 July to either firm up its offer or walk.

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Announcement released to the market with the authorisation of:

**David Lamm**  
Chief Investment Officer

**Adam Saunders**  
Portfolio Manager